

## Russia adopts measures to restrict meat imports starting in 2003.

On January 23, 2003, Russia's Ministry of Economic Developments and Trade announced the implementation of an import quota for poultry and tariff-rate quotas (TRQs) for beef and pork.

The annual poultry quota is set at 1.05 million tons and will be implemented over the three-year period, starting May 1, 2003. The poultry quota covers all poultry products under HTS 0207. The import duty within the quota is 25 percent but not less than 0.22 euros/kg. Of the 1.05 million ton total quota, 268,000 tons are allocated only for deboned poultry meat. Poultry imports in excess of the quota are prohibited. The prorated 2003 poultry quota is 744,000 tons for the May-December period, and has been allocated by country based on market share. The United States will have the largest share, 74 percent or 553,500 tons, of which 141,400 tons must be filled with deboned poultry meat (reportedly classified as MDM).

The TRQ for beef is set at 420,000 tons with a 15 percent in-quota tariff, but not less than 0.15 euros/kg. Over-quota beef imports will be subject to a 60 percent tariff, but not less than 0.6 euros/kg. The TRQ, covering HTS 0202 (frozen beef), will be implemented on April 1, 2003, and is expected to remain in place until 2010. For 2003, the 9-month pro-rated TRQ will be 315,000 tons; 90 percent will be allocated to importers based on the 2000-2002 imports performance, while the remaining 10 percent will be allocated by open auction. The auction will be conducted in May 2003, one month after the implementation of the TRQ. Countries that were a part of the Former Soviet Union are exempted from the TRQ.

For pork, the TRQ is set at 450,000 tons with a 15 percent in-quota tariff, but not less than 0.25 euros/kg. Over-quota pork imports will be subject to an 80 percent tariff, but not less than 1.06 euros/kg. The pork TRQ, covering HTS 0203 (fresh and frozen pork), will also be implemented on April 1, 2003. The 2003 9-month pro-rated TRQ of 337,500 tons will be allocated in the same way as the beef TRQ.

The impact of the quota on total U.S. poultry exports for 2003 should be limited relative to the 2002 level because the quota will only be in effect for eight months. The U.S.' country-specific quota allocation is the largest at 553,500 tons, of which 141,400 tons is deboned meat) for 8 months (May-December). The effective quota for poultry leg quarters and other bone-in cuts is then 412,000 tons for the period May-Dec 2003. In 2002, the United States exported 521,334 tons of leg quarters for the year, which averages approximately 43,400 tons per month. If the United States exports this amount in the first four months of 2003 and the quota for the remainder of the year, U.S. exports will reach 586,000 tons. This would be a 12 percent increase from the 2002 level, but a 6 percent decrease from the record high export level of 2001.

Another barrier to filling the Russian poultry quota is the plant certification process. Russia has stated that before June 1, all plants that want to export to Russia must be re-inspected and approved by Russian veterinarians. USDA and the Russian veterinarians continue to negotiate the terms of the inspections after Russia failed many plants in the first round of inspections. To date, only a small number of plants have passed this certification process. No new plant inspections have been scheduled as of March 2003.

Details on the poultry quota administration for the 2004-2006 periods are yet to be seen, as Russia has not decided as of March 2003.

The impact of the TRQs on U.S. red meat exports to Russia is expected to be minimal, as the United States mainly exports variety meats that are excluded from the TRQs. U.S. beef and pork exports to Russia are expected to continue the downward trend falling even further in 2003, as competition stiffens. The EU and Brazil are major suppliers of beef and pork.